



WARREN COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

**From The Office Of State Auditor
Claire McCaskill**

Report No. 99-89
September 30, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 1999

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Warren, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Warren County included additional areas of county operations, as well as the elected county officials.

- < The County Clerk does not perform a reconciliation between the county's accounting system and the County Treasurer's records to ensure accuracy. State law requires the County Clerk to maintain accounts with the County Treasurer.
- < The county does not have a procedure in place to adequately track federal assistance. The county prepared a Schedule of Expenditure of Federal Awards (SEFA); however, not all federal programs were included. Failure to prepare an accurate SEFA could ultimately result in future reductions of federal funds for the county.
- < The county contracts for administrative services for various programs with Booneslick Regional Planning Commission (BRPC). Program monies are deposited to the bank account maintained by BRPC. The planning commission prepares the checks and the Presiding Commissioner and County Clerk sign the checks. State law requires all monies received on behalf of the county to be in the custody of the County Treasurer and disbursed through the county's expenditure system.

The county's personnel manual is not comprehensive and is not provided to employees unless requested. Reimbursement claims for one grant program were not submitted timely and improvements were suggested in controls and procedures regarding the county's financial statements and expenditure and budgetary procedures. It was also noted that collateral securities were not adequate to cover Senate Bill 40 Board monies.

Copies of the audit are available upon request.

YELLOW SHEET

WARREN COUNTY, MISSOURI

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CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Warren County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Warren County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Warren County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Warren County.

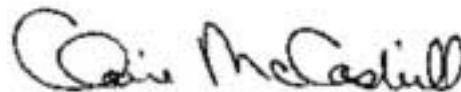
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Warren County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

Warren County, Missouri, has not presented the disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, that the GASB has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the county is or will become year 2000-compliant, that the county's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000-compliant.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 10, 1999, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Warren County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 10, 1999 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Warren County, Missouri

We have audited the special-purpose financial statements of various funds of Warren County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated June 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Warren County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

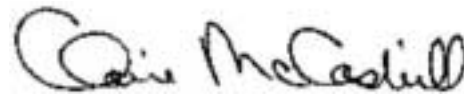
Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Warren County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions

involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 98-1, to be a material weakness. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Warren County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 10, 1999 (fieldwork completion date)

Financial Statements

Exhibit A-1

WARREN COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 376,296	1,913,674	1,855,029	434,941
Special Road and Bridge	181,397	1,466,977	1,077,243	571,131
Assessment	1,112	254,640	245,938	9,814
Law Enforcement Training	6,627	11,911	9,863	8,675
Prosecuting Attorney Training	2,604	2,304	1,359	3,549
Law Enforcement Trust	-724	1,939,746	1,868,512	70,510
Capital Improvements	660,554	1,170,110	1,180,720	649,944
Senate Bill 40 Board	100,109	314,587	312,357	102,339
Recorder's User Fees	35,954	18,943	20,127	34,770
Prosecuting Attorney Delinquent Tax	9,247	1,905	147	11,005
Prosecuting Attorney Bad Check	35,151	16,525	14,418	37,258
Sheriff's Civil Fees	7,058	32,746	36,410	3,394
Circuit Clerk Interest	18,124	8,442	321	26,245
Associate Circuit Division Interest	5,748	4,621	2,969	7,400
Sheriff's Forfeiture	398	25	0	423
Prosecuting Attorney's Forfeiture	2,745	209	0	2,954
Domestic Violence	0	2,654	2,654	0
Road and Bridge Capital Improvements	0	50,000	0	50,000
CDBG	0	73,049	73,049	0
Law Library	1,552	11,893	7,917	5,528
RADE	-1,605	1,659	0	54
DARE	2,335	5,791	500	7,626
Family Access	0	25	0	25
Total	\$ 1,444,682	7,302,436	6,709,533	2,037,585

The accompanying Notes to the Financial Statements are an integral part of this statement.

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Exhibit A-2

WARREN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 329,458	1,804,810	1,757,972	376,296
Special Road and Bridge	164,188	1,201,808	1,184,599	181,397
Assessment	35,636	235,049	269,573	1,112
Law Enforcement Training	3,297	10,747	7,417	6,627
Prosecuting Attorney Training	2,015	3,126	2,537	2,604
Law Enforcement Trust	14,254	1,443,602	1,458,580	-724
Capital Improvements	377,673	891,689	608,808	660,554
Senate Bill 40 Board	113,572	249,503	262,966	100,109
Recorder's User Fees	42,979	16,373	23,398	35,954
Prosecuting Attorney Delinquent Tax	6,880	2,367	0	9,247
Prosecuting Attorney Bad Check	22,078	16,518	3,445	35,151
Sheriff's Civil Fees	0	14,483	7,425	7,058
Circuit Clerk Interest	16,416	7,127	5,419	18,124
Associate Circuit Division Interest	14,390	5,713	14,355	5,748
Sheriff's Forfeiture	370	28	0	398
Prosecuting Attorney's Forfeiture	0	2,745	0	2,745
Domestic Violence	0	2,795	2,795	0
CDBG	520	832	1,352	0
FEMA	1,032	21,800	22,832	0
EDA Grant	21,600	500,822	522,422	0
Law Library	1,716	7,460	7,624	1,552
RADE	0	34,938	36,543	-1,605
DARE	0	2,449	114	2,335
Total	\$ 1,168,074	6,476,784	6,200,176	1,444,682

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

WARREN COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 222,766	223,851	1,085	191,380	199,258	7,878
Sales taxes	875,000	882,085	7,085	835,546	837,636	2,090
Intergovernmental	177,175	145,279	-31,896	200,600	159,092	-41,508
Charges for services	522,600	553,181	30,581	553,000	523,469	-29,531
Interest	25,000	26,325	1,325	20,000	29,921	9,921
Other	61,000	82,953	21,953	31,900	55,434	23,534
Total Receipts	1,883,541	1,913,674	#VALUE!	1,832,426	1,804,810	#VALUE!
DISBURSEMENTS						
County Commission	73,880	68,310	5,570	72,030	67,272	4,758
County Clerk	127,220	105,723	21,497	131,506	112,607	18,899
Elections	65,500	43,100	22,400	15,700	6,475	9,225
Buildings and grounds	199,000	153,444	45,556	139,650	43,514	96,136
County Treasurer	28,864	24,768	4,096	28,582	24,070	4,512
County Collector	139,441	131,530	7,911	118,747	117,056	1,691
Ex Officio Recorder of Deeds	59,881	52,459	7,422	33,642	47,738	-14,096
Circuit Clerk	18,030	16,286	1,744	15,901	12,270	3,631
Associate Circuit Court	30,501	26,164	4,337	32,575	29,359	3,216
Court administration	7,800	4,673	3,127	11,900	3,942	7,958
Public Administrator	13,302	11,803	1,499	14,400	20,141	-5,741
Sanitation Officer	87,950	66,661	21,289	58,152	52,239	5,913
Prosecuting Attorney	206,641	189,588	17,053	199,742	197,249	2,493
Juvenile Officer	162,907	160,867	2,040	156,528	140,026	16,502
County Coroner	23,812	23,182	630	19,008	22,776	-3,768
Court Reporter	1,140	330	810	750	362	388
County Nurse	127,796	117,884	9,912	146,024	121,415	24,609
Emergency Fund	60,000	0	60,000	55,000	24,220	30,780
Surveyor	1,300	1,436	-136	3,650	569	3,081
Emergency Manager	5,320	5,122	198	4,800	4,825	-25
Planning and Zoning	68,587	86,563	-17,976	72,137	50,619	21,518
Administration	101,516	91,978	9,538	63,675	52,657	11,018
Legal and professional services	60,000	32,110	27,890	75,000	31,206	43,794
Extension council	28,000	28,000	0	27,996	26,825	1,171
Insurance and bonds	45,000	28,048	16,952	20,000	30,040	-10,040
Transfers out	445,140	385,000	60,140	752,050	518,500	233,550
Total Disbursements	2,188,528	1,855,029	333,499	2,269,145	1,757,972	511,173
RECEIPTS OVER (UNDER) DISBURSEMENTS	-304,987	58,645	#VALUE!	-436,719	46,838	#VALUE!
CASH, JANUARY 1	376,436	376,296	-140	329,458	329,458	0
CASH, DECEMBER 31	\$ 71,449	434,941	#VALUE!	-107,261	376,296	#VALUE!

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

WARREN COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 430,025	470,185	40,160	443,483	427,426	-16,057
Intergovernmental	896,500	956,259	59,759	895,040	735,778	-159,262
Interest	15,000	27,641	12,641	20,000	16,046	-3,954
Other	5,000	12,892	7,892	5,000	22,558	17,558
Total Receipts	1,346,525	1,466,977	120,452	1,363,523	1,201,808	-161,715
DISBURSEMENTS						
Salaries	200,000	161,857	38,143	185,000	159,695	25,305
Employee fringe benefits	52,000	37,488	14,512	52,500	36,159	16,341
Supplies	54,500	29,234	25,266	49,500	33,469	16,031
Insurance	14,000	12,960	1,040	14,000	12,089	1,911
Road & bridge materials	90,000	66,134	23,866	78,000	78,740	-740
Equipment repairs	40,000	23,306	16,694	55,000	40,365	14,635
Equipment purchases	250,000	239,461	10,539	220,000	160,568	59,432
Hired machinery	40,000	31,483	8,517	60,000	55,258	4,742
Other	25,000	11,160	13,840	10,000	8,366	1,634
Road oil	200,000	194,198	5,802	250,000	192,438	57,562
Gravel	250,000	181,437	68,563	150,000	193,846	-43,846
Flood damage road repair	0	0	0	92,000	100,007	-8,007
New bridges	100,000	38,525	61,475	170,000	113,599	56,401
Transfers out	50,000	50,000	0	0	0	0
Total Disbursements	1,315,500	1,027,243	288,257	1,386,000	1,184,599	201,401
RECEIPTS OVER (UNDER) DISBURSEMENTS	31,025	439,734	408,709	-22,477	17,209	39,686
CASH, JANUARY 1	181,397	181,397	0	163,997	164,188	191
CASH, DECEMBER 31	\$ 212,422	621,131	408,709	141,520	181,397	39,877

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSESSMENT FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Intergovernmental	\$	253,755	244,833	-8,922	230,000	197,911	-32,089
Interest		2,500	2,293	-207	1,500	2,850	1,350
Other		6,000	7,514	1,514	4,500	5,788	1,288
Transfers in		45,140	0	-45,140	52,050	28,500	-23,550
Total Receipts		307,395	254,640	-52,755	288,050	235,049	-53,001
DISBURSEMENTS							
Assessor		303,776	245,938	57,838	306,050	269,573	36,477
Total Disbursements		303,776	245,938	57,838	306,050	269,573	36,477
RECEIPTS OVER (UNDER) DISBURSEMENTS		3,619	8,702	5,083	-18,000	-34,524	-16,524
CASH, JANUARY 1		1,112	1,112	0	35,636	35,636	0
CASH, DECEMBER 31	\$	4,731	9,814	5,083	17,636	1,112	-16,524

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRAINING FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	10,000	11,514	1,514	10,000	10,494	494
Interest		250	397	147	275	253	-22
Total Receipts		10,250	11,911	1,661	10,275	10,747	472
DISBURSEMENTS							
Sheriff		15,000	9,863	5,137	12,000	7,417	4,583
Total Disbursements		15,000	9,863	5,137	12,000	7,417	4,583
RECEIPTS OVER (UNDER) DISBURSEMENTS		-4,750	2,048	6,798	-1,725	3,330	5,055
CASH, JANUARY 1		6,627	6,627	0	3,297	3,297	0
CASH, DECEMBER 31	\$	1,877	8,675	6,798	1,572	6,627	5,055

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY TRAINING FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	3,000	2,133	-867	4,000	2,967	-1,033
Interest		100	171	71	325	159	-166
Total Receipts		3,100	2,304	-796	4,325	3,126	-1,199
DISBURSEMENTS							
Prosecuting Attorney		4,200	1,359	2,841	6,300	2,537	3,763
Total Disbursements		4,200	1,359	2,841	6,300	2,537	3,763
RECEIPTS OVER (UNDER) DISBURSEMENTS		-1,100	945	2,045	-1,975	589	2,564
CASH, JANUARY 1		2,249	2,604	355	2,015	2,015	0
CASH, DECEMBER 31	\$	1,149	3,549	2,400	40	2,604	2,564

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRUST FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales Tax	\$ 881,280	891,840	10,560	835,546	840,114	4,568
Intergovernmental	409,440	172,980	-236,460	40,000	37,278	-2,722
Charges for services	475,000	397,447	-77,553	0	210	210
Interest	3,500	4,868	1,368	3,500	3,615	115
Transfers in	400,000	385,000	-15,000	700,000	490,000	-210,000
Other	107,200	87,611	-19,589	75,000	72,385	-2,615
Total Receipts	2,276,420	1,939,746	-336,674	1,654,046	1,443,602	-210,444
DISBURSEMENTS						
Sheriff	1,088,882	996,152	92,730	882,877	894,157	-11,280
Jail	1,068,951	872,360	196,591	757,832	564,423	193,409
Total Disbursements	2,157,833	1,868,512	289,321	1,640,709	1,458,580	182,129
RECEIPTS OVER (UNDER) DISBURSEMENTS	118,587	71,234	-47,353	13,337	-14,978	-28,315
CASH, JANUARY 1	-724	-724	0	14,445	14,254	-191
CASH, DECEMBER 31	\$ 117,863	70,510	-47,353	27,782	-724	-28,506

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND

Year Ended December 31,						
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales tax	\$ 886,575	909,799	23,224	835,546	842,531	6,985
Interest	20,000	29,311	9,311	14,500	24,721	10,221
Loan proceeds	0	221,000	221,000	0	0	0
Other	0	10,000	10,000	0	24,437	24,437
Total Receipts	906,575	1,170,110	263,535	850,046	891,689	41,643
DISBURSEMENTS						
Equipment	124,000	322,512	-198,512	55,000	850	54,150
Bond principal and interest payments	586,000	540,485	45,515	564,200	557,918	6,282
Capital construction	293,000	251,746	41,254	331,000	49,120	281,880
Loan payment	75,000	65,977	9,023	0	0	0
Transfers out	0	0	0	0	920	-920
Total Disbursements	1,078,000	1,180,720	-102,720	950,200	608,808	341,392
RECEIPTS OVER (UNDER) DISBURSEMENTS	-171,425	-10,610	160,815	-100,154	282,881	383,035
CASH, JANUARY 1	660,554	660,554	0	377,673	377,673	0
CASH, DECEMBER 31	\$ 489,129	649,944	160,815	277,519	660,554	383,035

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SENATE BILL 40 FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 279,159	299,381	20,222	201,731	237,593	35,862
Loan repayments	5,000	5,000	0	6,000	7,000	1,000
Interest	4,000	5,401	1,401	0	4,910	4,910
Other	9,360	4,805	-4,555	0	0	0
Total Receipts	297,519	314,587	17,068	207,731	249,503	41,772
DISBURSEMENTS						
Programs	307,163	278,742	28,421	256,474	257,273	-799
Mileage and training	9,000	3,086	5,914	2,000	2,690	-690
Office expenditures	0	2,529	-2,529	750	1,177	-427
Building maintenance	0	0	0	8,000	1,660	6,340
Equipment for not-for-profit organization	0	28,000	-28,000	0	0	0
Other	0	0	0	54,079	166	53,913
Total Disbursements	316,163	312,357	3,806	321,303	262,966	58,337
RECEIPTS OVER (UNDER) DISBURSEMENTS	-18,644	2,230	20,874	-113,572	-13,463	100,109
CASH, JANUARY 1	82,428	100,109	17,681	113,572	113,572	0
CASH, DECEMBER 31	\$ 63,784	102,339	38,555	0	100,109	100,109

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER'S USER FEES FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 14,000	16,854	2,854	14,000	14,300	300
Interest	2,000	2,089	89	1,200	2,073	873
Total Receipts	16,000	18,943	2,943	15,200	16,373	1,173
DISBURSEMENTS						
Ex Officio Recorder of Deeds	24,300	20,127	4,173	28,000	23,398	4,602
Total Disbursements	24,300	20,127	4,173	28,000	23,398	4,602
RECEIPTS OVER (UNDER) DISBURSEMENTS	-8,300	-1,184	7,116	-12,800	-7,025	5,775
CASH, JANUARY 1	35,954	35,954	0	42,029	42,979	950
CASH, DECEMBER 31	\$ 27,654	34,770	7,116	29,229	35,954	6,725

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY DELINQUENT TAX FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 2,000	1,306	-694	1,200	1,830	630
Interest	500	599	99	400	537	137
Total Receipts	2,500	1,905	-595	1,600	2,367	767
DISBURSEMENTS						
Prosecuting Attorney	7,500	147	7,353	3,700	0	3,700
Total Disbursements	7,500	147	7,353	3,700	0	3,700
RECEIPTS OVER (UNDER) DISBURSEMENTS	-5,000	1,758	6,758	-2,100	2,367	4,467
CASH, JANUARY 1	9,247	9,247	0	6,880	6,880	0
CASH, DECEMBER 31	\$ 4,247	11,005	6,758	4,780	9,247	4,467

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY BAD CHECK FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	15,000	14,478	-522	12,000	14,514	2,514
Interest		1,500	2,015	515	1,500	2,004	504
Other		0	32	32	0	0	0
Total Receipts		16,500	16,525	25	13,500	16,518	3,018
DISBURSEMENTS							
Prosecuting Attorney		33,117	14,418	18,699	9,150	3,445	5,705
Total Disbursements		33,117	14,418	18,699	9,150	3,445	5,705
RECEIPTS OVER (UNDER) DISBURSEMENTS		-16,617	2,107	18,724	4,350	13,073	8,723
CASH, JANUARY 1		35,151	35,151	0	22,078	22,078	0
CASH, DECEMBER 31	\$	18,534	37,258	18,724	26,428	35,151	8,723

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

WARREN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF'S CIVIL FEES FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 36,000	32,014	-3,986
Interest	1,300	732	-568
Total Receipts	37,300	32,746	-4,554
DISBURSEMENTS			
Sheriff	36,000	36,410	-410
Total Disbursements	36,000	36,410	-410
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,300	-3,664	-4,964
CASH, JANUARY 1	7,058	7,058	0
CASH, DECEMBER 31	\$ 8,358	3,394	-4,964

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CIRCUIT CLERK INTEREST FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Interest	\$	1,000	8,442	7,442	2,000	7,127	5,127
Total Receipts		1,000	8,442	7,442	2,000	7,127	5,127
DISBURSEMENTS							
Circuit Clerk		11,000	321	10,679	7,500	5,419	2,081
Total Disbursements		11,000	321	10,679	7,500	5,419	2,081
RECEIPTS OVER (UNDER) DISBURSEMENTS		-10,000	8,121	18,121	-5,500	1,708	7,208
CASH, JANUARY 1		16,901	18,124	1,223	16,416	16,416	0
CASH, DECEMBER 31	\$	6,901	26,245	19,344	10,916	18,124	7,208

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit O

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSOCIATE CIRCUIT DIVISION INTEREST FUND

Year Ended December 31,						
1998			1997			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 3,400	4,621	1,221	5,000	5,713	713
Total Receipts	3,400	4,621	1,221	5,000	5,713	713
DISBURSEMENTS						
Associate Circuit Judge	5,500	2,969	2,531	11,500	14,355	-2,855
Total Disbursements	5,500	2,969	2,531	11,500	14,355	-2,855
RECEIPTS OVER (UNDER) DISBURSEMENTS	-2,100	1,652	3,752	-6,500	-8,642	-2,142
CASH, JANUARY 1	5,748	5,748	0	14,390	14,390	0
CASH, DECEMBER 31	\$ 3,648	7,400	3,752	7,890	5,748	-2,142

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

WARREN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Warren County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1998, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Civil Fees Fund	1997
Sheriff's Forfeiture Fund	1998 and 1997
Prosecuting Attorney Forfeiture Fund	1998 and 1997
Domestic Violence Fund	1998 and 1997
Road and Bridge Capital Improvements Fund	1998
Law Library Fund	1998 and 1997
RADE Fund	1998 and 1997
DARE Fund	1998 and 1997
Family Access Fund	1998

CDBG Fund	1998 and 1997
FEMA Fund	1997
EDA Grant Fund	1997

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Capital Improvements Fund	1998
Sheriff's Civil Fees Fund	1998
Associate Circuit Division Interest Fund	1997

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the General Revenue Fund for the year ended December 31, 1997.

However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
CDBG Fund	1998 and 1997
FEMA Fund	1997
EDA Grant Fund	1997
Law Library Fund	1998 and 1997

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political

subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 1998 and 1997, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The Senate Bill 40 Board of Directors' deposits at December 31, 1998 and 1997 were entirely covered by federal depository insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Use Tax Liability

The local use tax under Section 144.748, RSMo 1994, was struck down in its entirety by the Missouri Supreme Court in *Associated Industries of Missouri v. Director of Revenue*, 918 S.W.2d 780 (Mo. banc 1996). In *St. Charles County v. Director of Revenue*, 961 S.W.2d 44 (Mo. banc 1998), the Missouri Supreme Court ruled that local use taxes paid prior to the repeal of Section 144.748, RSMo 1994, must be refunded to taxpayers and authorized the Department of Revenue (DOR) to withhold amounts otherwise due to political subdivisions to the extent such withholding is necessary to cover the refund expense. On March 24, 1998, the Cole County Circuit Court entered final judgment in accordance with the Supreme Court's opinion and ordered the DOR to process refund claims filed.

The county has received \$370,405 in local use tax since its inception. The DOR has estimated the county's share of the total refund liability to be \$195,332. As of December 31, 1998, \$73,247 remains to be paid.

Supplementary Schedule

WARREN COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1998	1997
U.S. DEPARTMENT OF COMMERCE				
Direct Program -				
11.3	Economic Development - Grants For Public Works and Infrastructure Development	N/A	\$ 0	248,311
U.S. DEPARTMENT OF JUSTICE				
Passed through state Department of Public Safety:				
16.6	National Criminal History Record Improvement Prog 95-RV-RX-R011(45: (NCHIP)		4,137	2,117
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.2	Community Development Block Grants/State's Program	97ND011 93DR035	73,049	1,352
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.7	Public Safety Partnership and Community Policing ("Cops") Grants	N/A	106,739	92,672
16.unknown	Equitable Sharing of Seized and Forfeited Property	MO110013A	36	2,733
Passed through:				
State Department of Public Safety -				
16.6	Byrne Formula Grant Program	96NCD20066	32,565	30,701
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	900	2,487
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission -				
20.2	Off-System Bridge Replacement and Rehabilitation Program	BRO 109 (7) BRO 109 (8)	12,175 26,350	86,877 0
	Program Total		<u>38,525</u>	<u>86,877</u>
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				

39.0	Donation of Federal Surplus Personal Property	N/A	2,132	2,525
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FEDERAL EMERGENCY MANAGEMENT AGENCY

Passed through state Department of Public Safety:

83.5	Emergency Management - State and Local Assistance	0995DRMO 1054DRMO	0	54,822
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U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed through state:

	Department of Health -			
93.3	Immunization Grants	ERO062-7210 ERO146-8210GPH PG0064-8210IAP PG0064-9210IAP	4,800	3,783
	Department of Social Services -			
93.6	Child Support Enforcement	N/A	16,111	17,837
	Department of Health -			
93.9	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERO161-0016	2,177	8,115
94.0	Maternal and Child Health Services Block Grant to the States	ER0146-7210 ERO146-8210MCH ERO146-9210MCH	11,388	13,601
	Total Expenditures of Federal Awards		\$ 292,559	567,933

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

WARREN COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Warren County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 1998 and 1997.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Warren County, Missouri

Compliance

We have audited the compliance of Warren County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Warren County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the Schedule of Findings and Questioned Costs as finding number 98-2.

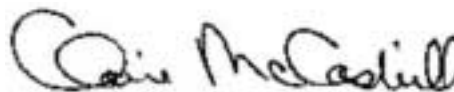
Internal Control Over Compliance

The management of Warren County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 98-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Warren County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 10, 1999 (fieldwork completion date)

Schedule

WARREN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 1998 AND 1997

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? X yes no

Reportable condition identified that is
not considered to be a material weakness? yes X none reported

Noncompliance material to the financial statements
noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness identified? yes X no

Reportable condition identified that is
not considered to be material weakness? X yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? X yes no

Identification of major program(s):

CFA or Other Identifying Number	Program Title
11.300	Economic Development - Grants for Public Works and Infrastructure Development

16.710 Public Safety Partnership and Community Policing ("COPS") Grants
Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes X no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

98-1. Revenues Reconciliation

The County Treasurer records monies received on a one-write receipt ledger and enters the receipts onto the county's computer system. The County Clerk does not receive copies of the receipt slips or perform a reconciliation between the manual and computer systems to ensure accuracy. Failure to reconcile revenues increases the risk that errors or irregularities will not be detected on a timely basis. In addition, Section 51.150 RSMo 1994, requires the County Clerk to maintain accounts with the County Treasurer.

WE RECOMMEND the County Clerk perform a monthly reconciliation of revenues with the County Treasurer.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk indicated she will implement the recommendation. The County Treasurer will continue to enter revenues into the system and the County Clerk will perform a monthly reconciliation of revenues with the County Treasurer. The County Clerk is the contact person and the anticipated date of implementation is October 1, 1999.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

98-2. Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Commerce
Pass- Through Grantor:	Not Applicable
Federal CFDA Number:	11.300
Program Title:	Economic Development - Grants for Public Works and Infrastructure Development

Pass- Through Entity

Identifying Number: Not Applicable
Award Year: 1997
Questioned Costs: Not Applicable

Federal Grantor: U.S. Department of Justice
Pass- Through Grantor: Not Applicable
Federal CFDA Number: 16.710
Program Title: Public Safety Partnership and Community Policing ("Cops")
Grants

Pass- Through Entity

Identifying Number: Not Applicable
Award Years: 1998 and 1997
Questioned Costs: Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have a procedure in place to adequately track federal assistance for preparation of the SEFA. The county prepared a SEFA for the years ended December 31, 1998 and 1997; however, the schedule did not include seven of the fourteen programs the county was involved in during 1997, and four of the twelve programs the county was involved in during 1998. In addition, the information presented by the County Clerk for several of the programs presented did not agree with the county's expenditure records.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk will implement the recommendation. The County Clerk is the contact person and the anticipated date of implementation is January 2000.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WARREM COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1996, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

WARREN COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

2.	Federal Financial Assistance
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A.	Federal Grantor:	U.S. Department of Transportation
	Pass-Through Grantor:	Missouri Department of Transportation
	Federal CFDA Number:	20.205
	Program Title:	Off-System Bridge Replacement and Rehabilitation Program
	Pass-Through Entity	
	Identifying Number:	BRO109(6) BRO109(7)
	Award Year:	1995 and 1996
	Questioned Costs:	Not Applicable

The county had not established cash management procedures to ensure the minimum time elapsed between its receipt of federal project monies and the disbursement of such monies to contractors.

Recommendation:

The County Commission consult with the grantor agencies. In addition, the County Commission should:

- A. Establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

Status:

- A. Implemented. The BRO monies received during this audit period were received on a reimbursement basis.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

WARREN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Warren County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated June 10, 1999. We also have audited the compliance of Warren County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997, and have issued our report thereon dated June 10, 1999.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Emergency Services Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed those audit reports and the substantiating working papers.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials and the county board referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned

Costs. These findings resulted from our audits of the special-purpose financial statements of Warren County and of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Controls and Procedures
--

- A. The County Commission obtained professional services such as legal services and investment services. There is no documentation of the discussion of which firms to use or the criteria on which the County Commission based its selection. In addition, the County Commission does not have written contracts for the legal services.

The County Commission should always document the basis for selection of providers of professional services and obtain written contracts to ensure the county is receiving quality service at a reasonable and agreed upon price.

- B. The county has a personnel manual; however, it is not provided to employees unless requested. The manual only includes policies related to holiday, vacation, and sick leave. A comprehensive employee manual which summarizes policies can benefit both county officials and employees by providing a basic understanding between management and employees regarding rights and responsibilities. In addition, an employee manual can help ensure that management's policies are fairly and consistently applied to all county employees.
- C. The county received monies from the Department of Justice for the Public Safety Partnership and Community Policing ("COPS") grant program to fund the salary and fringe benefits of entry-level officers. The application kit the county used to apply for this grant provides all quarterly claims are required to be submitted within 45 days after the end of each quarter. We reviewed the reimbursement claims prepared by the County Clerk for the two years ended December 31, 1998. We noted only one claim that was submitted within the required time frame of 45 days. In addition, we noted as of June 2, 1999, the County Clerk had not yet submitted a reimbursement claim for the last quarter in 1998. Failure to comply with program's requirements could result in loss of revenues.
- D. Some federal grants received on behalf of the county and matching funds provided by other entities were not maintained in a bank account controlled by the County Treasurer.

The county contracts for administrative services for various programs with Booneslick Regional Planning Commission (BRPC). Program monies are deposited to the bank account maintained by the BRPC. The BRPC prepares the checks and

the Presiding Commissioner and County Clerk sign the checks. The Presiding Commissioner and County Clerk obtain and review supporting documentation for the expenditures. Monies handled by the BRPC totaled approximately \$73,000 and \$540,000 in 1998 and 1997, respectively.

All monies received on behalf of the county should be in the custody of the County Treasurer and disbursed through the county's expenditure system. Section 54.140, RSMo 1994, provides that it shall be the duty of the county treasurer to separate and divide the revenues of the county as they come into his hands and to pay out the revenues on warrants issued by the county commission. In addition, Section 251.300, RSMo, 1994, states that the function of the regional planning commission shall be solely advisory to the local governments and local government officials.

Conditions similar to A, B and D were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Document the basis for selection of providers of professional services and enter into written agreements for such services.
- B. Develop a comprehensive employee manual to be distributed to all county elected officials and employees.
- C. And the County Clerk submit the COPS grant reimbursement claims in a timely manner.
- D. Ensure all county funds are held in the custody of the County Treasurer and are disbursed through the county's expenditure system.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They have interviewed providers for professional services and will try to do a better job of documenting the criteria used for the selection process. In addition, they will consider whether written agreements are necessary.*
- B. *The updated personnel manual has been approved and is at the printer. It will be distributed with September paychecks and is effective September 30, 1999.*
- C. *The 1998 fourth quarter and the 1999 first and second quarters reimbursement claims have been submitted. The County Clerk indicated she will try to submit future claims in a timely manner.*
- D. *They will investigate this situation.*

2. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared or obtained for various county funds (including funds in the custody of the regional planning commission) for the years ended December 31, 1998, and 1997.

Chapter 50, RSMo 1994, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the county commission is able to more effectively evaluate all county financial resources. To be of maximum benefit to the county and its taxpayers, a complete and detailed budget document is needed.

- B. The annual published financial statements of the county did not include the financial activity of some county funds in the custody of the regional planning commission as required. Section 50.800, RSMo 1994, provides that the financial statements show receipts, or revenues, disbursements, or expenditures and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

- C. Actual expenditures exceeded approved budgeted expenditures for the Capital Improvements Fund by \$102,720 and the Sheriff's Civil Fees Fund by \$410 during the year ended December 31, 1998. The over expenditure of the Capital Improvements Fund occurred because the county purchased jail kitchen equipment and an elevator which they funded through a bank loan. The county planned for the bank to write a check for payment of the equipment directly to the vendor; however, the bank gave the funds to the county and the county paid the vendor causing actual disbursements to exceed budgeted disbursements.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246(1954), that strict compliance with county budget laws is required of county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo Cumulative Supp. 1997, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

WE RECOMMEND the County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- C. Not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.

AUDITEE'S RESPONSE

The County Commission indicated they will try to implement the recommendations.

3. Allocated Distributions

The County Clerk did not correctly apportion 1998 railroad and utility taxes to the school districts. While calculating the apportionment of railroad and utility taxes the County Clerk incorrectly rounded some of the initial calculations. As a result, the various school districts were over or underpaid as follows:

<u>School District</u>	<u>Amount Under (Over) Paid</u>
Washington R-1	\$ (532)
Gasconade County R-1	5013
Lincoln County R-3	(34)
Montgomery County R-2	(58)
Wright City R-2	(1377)
Warren County R-3	(3012)

WE RECOMMEND the County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct these past errors.

AUDITEE'S RESPONSE

The County Clerk indicated she will implement the recommendation.

4. Property Tax Controls and Procedures
--

The County Clerk does not generate or verify the back tax books. A review should include verification of individual entries in the back tax book and footing total tax book charges. The County Clerk is responsible for the accuracy of the personal and real estate back tax books and the amounts with which the County Collector is charged. Failure to perform adequate reviews of the tax books could result in an overstatement of delinquent taxes not being detected. Section 140.050, RSMo 1994, requires the county clerk to make the back tax book and charge the county collector with the aggregate amount of taxes, interest, and County Clerk's fees contained in the back tax books.

WE RECOMMEND the County Clerk generate or foot the back tax books and formally verify individual entries to ensure the accuracy of the back tax books.

AUDITEE'S RESPONSE

The County Clerk indicated she will implement the recommendation.

5. Senate Bill 40 Board's Collateral Security
--

Collateral securities were not pledged by the Senate Bill 40 (SB40) Board's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. During January 1999, 1998, and 1997, the SB40 Board's bank balance exceeded FDIC coverage by approximately \$180,000, \$200,000, and \$190,000, respectively.

Section 110.020, RSMo 1994, requires the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of bank failure.

A similar condition was noted in our prior report.

WE RECOMMEND the Senate Bill 40 Board of Directors ensure collateral securities are pledged for all deposits in excess of FDIC coverage.

AUDITEE'S RESPONSE

The Senate Bill 40 Board of Directors will contact the bank in December and arrange for the bank to have the papers for collateralization completed prior to the deposit being made, thus assuring that the monies over \$100,000 will be collateralized correctly.

This report is intended for the information of the management of Warren County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

WARREN COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Warren County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1996. Finding number 2.A is omitted since the related follow-up appears in an earlier section of this report. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

1. County Controls and Procedures

- A. We noted the following concerns regarding professional services obtained by the county:
 - 1) The County Commission contracted with an investment firm to be the bonding agent for revenue bonds related to the justice center. The County Commission indicated they discussed the project with representatives of investment firms; however, there was no documentation of the discussions or the criteria on which they based their selection.
 - 2) The County Commission solicited proposals from several architects for the justice center project and selected an architect which subcontracted the designing of the jail to another architect. The lead architect resigned from the project in August 1994. No documentation was retained to support the original selection process or to support the decision to contract with the second architect.
 - 3) The County Commission obtained legal services from law firms for various issues and lawsuits. There was no evidence that the County Commission solicited proposals from various law firms.
- B. The county did not maintain fuel usage logs and no reconciliation was performed between fuel purchased for and used from the county's fuel tanks.
- C. The county had a personnel manual; however, it was not made available to employees. The manual only included policies related to holiday, vacation, and sick leave.
- D. The Sheriff and several deputies were issued credit cards in the county's name to use for various law enforcement expenditures. We noted credit card expenditures for which supporting documentation was not submitted to the County Clerk. In addition, the county did not have a formal written policy for the use of credit card purchases.
- E. The county's depository agreement did not indicate if the County Collector's accounts were included. The amount of collateral securities pledged by the county's depository

banks at January 28, 1997, was insufficient to cover monies in the custody of the County Treasurer and County Collector.

- F. The county did not have a formal contingency plan for the computer system.

Recommendation:

The County Commission:

- A. Solicit and document proposals for professional services. Written agreements should be entered into and supporting documentation should be reviewed for propriety before payments are made for services.
- B. Require records of fuel usage be maintained and reconciled to the amount of fuel purchased and on hand. Any significant differences should be investigated and resolved.
- C. Develop a comprehensive employee manual to be distributed to all county elected officials and employees.
- D. Require all credit card expenditures be supported by receipts or vendor-provided invoices which contain an adequate description of the goods or services received and establish a written credit card usage policy.
- E. Ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times. In addition, the County Collector's accounts should be specifically included in the depository agreement.
- F. Seek arrangements of alternative data processing equipment for use during emergency situations.

Status:

A&C. Not implemented. See MAR No. 1.

- B. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

D. Implemented in 1998.

- E. Partially implemented. The County Treasurer does monitor account balances; however, due to a misunderstanding, the county's balances were undercollateralized by approximately \$1.5 million on January 19, 1999. Collateral securities were sufficient at December 31, 1998 and 1997, and at the highest January 1998 account balance. The County Collector's accounts are not specifically included in the depository agreement; however, bank personnel indicated all county officials' accounts are covered by the agreement. Although not repeated in the current report, our recommendation remains as stated above.

- F. Partially implemented. The County Collector adopted a formal written policy. The County Commission has not made formal arrangements for alternative data processing equipment to be used during emergency situations; however, the County Commission indicated an informal arrangement has been made with an adjoining county. Although not repeated in the current report, our recommendation remains as stated above.

2. Federal Financial Assistance

- B. During the two years ended December 31, 1996, the Sheriff's Department received Domestic Cannabis Eradication/Suppression (Cash Crop) Program funds from the U.S. Department of Justice. One reimbursement for \$2,500 had no supporting documentation.
- C. The county received monies from the Department of Justice for the COPS Grants program to fund the salary and fringe benefits of an entry-level officer. The county received \$2,597 more than the amount to which it was entitled for one reimbursement claim reviewed, resulting in questioned costs.
- D. One claim for reimbursement submitted by the Circuit Clerk did not have supporting documentation for postage and copies of \$127, resulting in questioned costs from federal funds passed through the state Department of Social Services (DSS) for the Child Support Enforcement (Title IV-D) Program
- E. A review of the time sheets maintained by the officer working on the DARE program indicated that during the period July 1, 1994 to May 31, 1995, approximately 53 percent of the officer's time was spent on DARE activities; however, 100 percent of funding provided was claimed for reimbursement.

As a result, DARE reimbursements of \$6,580 that were spent on non-DARE activities have been questioned. In addition, \$15,276 of previously questioned costs have not been resolved.

- F. The county did not have a drug-free workplace policy or awareness program for its employees as required by the Drug-Free Workplace Act as a condition of receiving direct federal funds.
- G. Some federal grants received by the county were not adequately monitored by the County Commission, nor were they maintained in a bank account controlled by the County Treasurer.

The county contracted for administrative services for various programs with Booneslick Regional Planning Commission (BRPC). Program monies received by the county from the state were electronically transferred to the bank account maintained by the BRPC. The BRPC prepared the checks and the Presiding Commissioner and County Clerk signed the checks. The Presiding Commissioner and County Clerk indicated they did not review supporting documentation for the expenditures.

Recommendation:

The County Commission consult with the grantor agencies to resolve the questioned costs. In addition, the County Commission should:

- B. Ensure that all future expenditures of the Cash Crop program are supported by source documentation.
- C. Base future reimbursement requests on actual costs. In addition, other claims should be reviewed to determine whether additional reimbursements exceeded actual costs paid.
- D. Require the Circuit Clerk to retain supporting documentation for all reimbursement claims filed. In addition, other claim forms should be reviewed to determine whether there are additional claims for reimbursements of postage and copies which should be resolved with the grantor agency.
- E. Ensure salary reimbursements are allocated equitably between the work being performed for federal programs and other projects.
- F. Develop a drug-free workplace policy and an awareness program in compliance with federal requirements.
- G. Require supporting documentation for all expenditures. In addition, all county funds should be in the custody of the County Treasurer and disbursed through the county's expenditure system.

Status:

B&C. Implemented.

- D. Implemented. Documentation for postage expenditures is now maintained.
- E. Partially implemented. Warren County no longer receives DARE monies from the Department of Public Safety (DPS). DPS personnel indicated the department is reviewing the situation. Although not repeated in the current report, our recommendation remains as stated above.
- F. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- G. Partially implemented. The BRPC still has custody of program monies; however, supporting documentation for expenditures from these funds is reviewed by the Presiding Commissioner. See MAR No. 1.

3. Property Tax Controls and Procedures

- A. Controls over property tax additions were not adequate. The County Assessor made changes to the computer property tax data files for additions occurring throughout the year and sent a copy of the addition to the County Clerk. The County Commission did not approve these additions.
- B. The County Collector provided the County Clerk with information regarding taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. However, the information was not verified by the County Clerk from aggregate abstracts, court orders, monthly statements of collections and the tax books. In addition, the County Commission did not verify the County Collector's annual settlement.
- C. The County Clerk did not verify the back tax books. In addition, the computer program did not generate tax book page or control totals, but only a summary total at the end of each book.

Recommendation:

- A. The County Commission work with applicable county officials to establish controls over the property tax additions process that would allow the County Clerk to periodically reconcile all additions to changes made to the property tax records and charge these amounts to the County Collector. In addition, the County Commission should approve the additions.
- B. The County Clerk verify the information provided by the County Collector and use this information to verify the County Collector's annual settlement.
- C. The County Clerk generate or foot the back tax books and formally verify individual entries to ensure the accuracy of the tax books. The computer program used to generate the tax books should be updated to generate tax book page or control totals so the tax book totals can be more readily verified.

Status:

- A. Implemented. The County Commission now approves all additions monthly, and the County Clerk's office reconciles court orders to the County Collector's annual settlement.
- B. Partially implemented. The County Clerk does verify the information provided by the County Collector for additions; however, other information is not verified. Although not repeated in the current report, our recommendation remains as stated above.
- C. Partially implemented. The computer program does generate page and control totals. However, the County Clerk does not generate or verify the accuracy of the back tax books. See MAR No. 4.

4. Treasurer's Accounting Controls and Procedures

- A. Formal bank reconciliations were not prepared on a monthly basis. The County Treasurer did reconcile his semi-annual settlements to bank statements; however, outstanding check lists and details of other reconciling items were not maintained.
- B. The County Treasurer accepted cash, checks, and money orders; however, the method of payment was not documented on the one-write receipt ledger.

Recommendation:

- A. Ensure formal bank reconciliations are prepared on a monthly basis.
- B. Ensure the method of payment is indicated in the accounting records and reconcile the composition of receipts to the composition of deposits.

Status:

Implemented.

5. Senate Bill 40 Board's Controls and Procedures

- A. During the year ended December 31, 1996, the SB40 Board paid \$15,000 to a NFP for services to promote and/or aid mentally retarded/developmentally disabled persons residing in Warren County for which there was no written agreement.
- B. Actual expenditures exceeded approved budgeted expenditures by \$1,263 for the year ended December 31, 1995.
- C. Collateral securities were not pledged by the SB40 Board's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage.
- D. The SB40 Board loaned a total of \$51,600 interest free to a NFP the board had contracted with to provide county services.
- E. Our review of the relationships between the Board and the NFPs revealed the Board and one of the NFPs was not independent of each other.

Recommendations:

- A. Obtain written contracts for all services.
- B. Refrain from incurring expenditures in excess of budgeted amounts. If it becomes necessary to incur expenditures in excess of the approved budget, the circumstances should be fully documented and the budget properly amended prior to incurring the expenditures.

- C. Ensure collateral securities are pledged for all deposits in excess of FDIC coverage.
- D. Cease loaning monies in the future and take appropriate action to recover the loan amounts due from the NFP.
- E. Review potential conflicts of interest and ensure steps are taken to eliminate conflicts.

Status:

A,
B&D. Implemented.

C. Not implemented. See MAR No. 5.

E. Not implemented. The SB40 Board Treasurer is married to the NFP President and the bookkeeper for the SB40 Board is also the executive director for the same NFP. Although not repeated in the current report, our recommendation remains as stated above.

6. Public Administrator's Controls and Procedures

- A. The Public Administrator did not retain supporting documentation for some disbursements.
- B. Bank reconciliations were not performed monthly.
- C. The Public Administrator provided cash to the wards for spending money and personal items without obtaining adequate supporting documentation.
- D. During the two years ended December 31, 1996, the Public Administrator sold two cars for two different wards without publicizing or soliciting bids.

Recommendations:

- A. Retain supporting documentation for all disbursements.
- B. Prepare and retain monthly bank reconciliations for each estate and agree the reconciliations to the accounting records.
- C. Obtain receipt slips from the wards when giving them cash for personal use.
- D. Publicize or solicit bids for the sale of all assets.

Status:

Implemented.

7. Prosecuting Attorney's Controls and Procedures

Money orders and cashier checks received for administrative fees which are made payable to the County Treasurer are not restrictively endorsed until after they are transmitted to the County Treasurer.

Recommendation:

The Prosecuting Attorney require all money orders and cashier checks be restrictively endorsed immediately upon receipt.

Status:

Implemented.

8. Sheriff's Controls and Procedures

- A. The Sheriff's department did not maintain a log for the uniform traffic tickets (UTTs) assigned to various deputies, copies of the tickets issued, or a ticket issuance log listing the ticket number, date issued, violator's name, offense, and disposition.
- B. Receipt slips issued by the Sheriff's deputies for monies received were rediform receipts rather than official prenumbered receipt slips.
- C. Vehicle mileage logs were not adequately maintained by the Sheriff's office for county-owned patrol cars. In addition, a comparison between fuel usage and actual vendor billings to the county was not always performed.
- D. The Sheriff maintained a separate bank account for the personal monies of inmates incarcerated in the Warren County Jail until the jail closed in August 1995. The sheriff did not perform bank reconciliations on the inmate account. The sheriff did not maintain a cash control ledger which included all receipts, disbursements, and a balance for the prisoner account. A subsidiary ledger showing each inmate's balance was not maintained.

Recommendation:

- A. Maintain traffic ticket logs accounting for the issuance and ultimate disposition of all traffic tickets and copies of all UTTs issued.
- B. Issue official prenumbered receipt slips for all monies received.
- C. Establish procedures for maintaining accurate and complete usage logs for all county owned patrol cars and compare expenses billed to the county to the vehicle logs.
- D. Maintain a cash control ledger for inmate monies which includes all receipts, disbursements, and a cash balance. A subsidiary ledger which includes receipt and disbursement activity and cash balances for each inmate should also be maintained.

Finally, the cash control ledger and subsidiary ledger should be reconciled to the bank statement on a monthly basis.

Status:

A. Partially implemented. A log of ticket books issued is maintained, and copies are kept of UTT's issued. However, the ultimate disposition is not accounted for. Although not repeated in the current report, our recommendation remains as stated above.

B&C. Implemented.

D. Partially implemented. Beginning in May of 1998, a running checkbook register balance is now maintained; however, bank reconciliations are not performed on a monthly basis. A subsidiary ledger is maintained for active prisoner balances; however, a subsidiary ledger is not maintained for inactive prisoner accounts. A reconciliation is not performed between the bank account and the subsidiary ledger. Although not repeated in the current report, our recommendation remains as stated above.

9. Planning and Zoning Accounting Controls and Procedures

Accounting duties for the P&Z Office are not adequately segregated.

Recommendation:

The County Commission provide for adequate segregation of duties and the performance of independent reconciliations and reviews of accounting records.

Status:

Partially implemented. Four county employees can receive planning and zoning and sanitation fees. The secretary prepares a report of monies received and the Planning and Zoning Officer reviews and signs the report and turns the monies over to the County Treasurer. However, the person preparing the report has access to monies on hand and no independent reconciliation is performed between receipt slips issued and the report. Although not repeated in the current report, our recommendation remains as stated above.

10. Emergency Services Board Budgetary Practices

Actual expenditures exceeded approved budgeted expenditures by approximately \$60,000 for the year ended December 31, 1996.

Recommendation:

The Emergency Services Board refrain from incurring expenditures in excess of budgeted amounts. If it becomes necessary to incur expenditures in excess of the approved budget, the circumstances should be fully documented and the budget properly amended prior to incurring the expenditures.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WARREN COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Warren was named after Joseph Warren, a Revolutionary War patriot. Warren County is a county-organized, third-class county and is part of the Twelfth Judicial Circuit. The county seat is Warrenton.

Warren County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Warren County received its money in 1998 and 1997 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 694,036	20	626,684	21
Sales taxes	882,085	26	837,636	28
Federal and state aid	1,101,538	33	894,870	30
Fees, interest, and other	702,992	21	647,428	21
Total	\$ 3,380,651	100	3,006,618	100

The following chart shows how Warren County spent monies in 1998 and 1997 from the General Revenue and Special Road and Bridge Funds:

USE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,481,392	50	1,397,921	47
Public safety	373,637	13	360,051	12
Highways and roads	1,077,243	37	1,184,599	41
Total	\$ 2,932,272	100	2,942,571	100

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In addition, significant sales tax receipts and capital improvement and law enforcement expenses are accounted for in the Capital Improvements Fund and the Law Enforcement Trust Fund. Receipts

of the Capital Improvements Fund were \$1,170,110 and \$891,689 and disbursements were \$1,180,720 and \$608,808 for the years ended December 31, 1998 and 1997, respectively. Receipts of the Law Enforcement Trust Fund were \$1,939,746 and \$1,443,602 and disbursements were \$1,868,512 and \$1,458,580 for the years ended December 31, 1998 and 1997, respectively.

The county maintains approximately 52 county bridges and 315 miles of county roads.

The county's population was 9,699 in 1970 and 19,534 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		1998	1997	1985*	1980**	1970**
		(in millions)				
Real estate	\$	178.3	169.8	97.6	34.8	14.1
Personal property		53.1	49.4	14.2	8.4	4.5
Railroad and utilities		26.0	25.7	21.6	7.0	4.4
Total	\$	257.4	244.9	133.4	50.2	23.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Warren County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		1998	1997
General Revenue Fund	\$.08	.08
Special Road and Bridge Fund*		.18	.18
Senate Bill 40 Board Fund		.12	.12

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

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		Year Ended February 28,	
		1999	1998
State of Missouri	\$	79,157	75,162
General Revenue Fund		233,150	223,723
Special Road and Bridge Fund		481,232	457,558
Assessment Fund		122,232	114,424
Senate Bill 40 Board Fund		303,681	286,736
School districts		8,949,583	8,134,246
Library district		184,137	174,431
Junior College Fund		161,914	155,061
Fire protection districts		635,690	585,295
Ambulance districts		569,064	534,564
Levy districts		168,897	171,120
Cities		110,065	97,174
County Clerk		491	590
County Employees' Retirement		72,415	64,744

Other	1,448	3,472
Commissions and fees:		
General Revenue Fund	195,803	184,246
Total	\$ <u>12,268,959</u>	<u>11,262,546</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	1999	1998
Real estate	92.2 %	91.6 %
Personal property	87.1	88.0
Railroad and utilities	100.0	100.0

Warren County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	none	50
Emergency services	.0050	none	none
Law enforcement services	.0050	none	none
Capital improvements	.0050	2009	none

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

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Officeholder	1999	1998	1997
County-Paid Officials:			
Walter L. Schirr, Presiding Commissioner	\$	19,000	19,000
Arden H. Engelage, Associate Commissioner		19,000	19,000
Frederick G. Vahle, Associate Commissioner		19,000	19,000
Janis Meyer, County Clerk		31,500	31,500
Michael S. Wright, Prosecuting Attorney		36,000	36,000
Michael Baker, Sheriff		37,000	37,000
Gene Cornell, County Treasurer		21,230	21,230
Robert R. Mauzy Sr., County Coroner		6,500	6,500
Eugene Buxton, Public Administrator *		7,960	14,764
Linda Stude, County Collector,			
year ended February 28,	38,612	38,612	
Michael G. Sutherland, County Assessor **, year ended			
August 31,		42,400	
Robert G. Aston, County Assessor **, year ended			
August 31,			33,800
Robert L. Lewis, County Surveyor ***			

* Includes fees received from probate cases.

** Includes \$900 annual compensation received from the state.

*** Compensation on a fee basis.

State-Paid Officials:

Carolyn M. Frick, Circuit Clerk and			
Ex Officio Recorder of Deeds		28,122	40,176
Jerri Jordan, Circuit Clerk and			

Ex Officio Recorder of Deeds
Keith M. Sutherland, Associate Circuit Judge

14,061
85,158 81,792

A breakdown of employees (excluding the elected officials) by office at December 31, 1998, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	2	4
County Clerk*	3	0
Prosecuting Attorney**	7	0
Sheriff ***	56	0
County Collector****	7	0
County Assessor*	7	0
Associate Division*	1	5
Probate Division	0	1
Road and Bridge	7	0
Health Department*	4	0
Planning and Zoning*****	2	0
Sanitarian*****	3	0
Total	<u>99</u>	<u>10</u>
<p>* Includes one part-time employee. ** Includes two part-time employees. *** Includes three part-time employees. **** Includes four part-time employees. ***** Includes secretary that is split between Planning and Zoning and Sanitarian.</p>		

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Warren County's share of the 12th Judicial Circuit's expenses is 35.85 percent.

The County entered into a lease agreement with the Warren County, Missouri Public Facilities Authority, a not-for-profit corporation on January 1, 1995. The terms of the agreement called for the corporation to issue bonds to be used to construct the Warren County Justice Center and for the bank to lease the justice center back to the county for payments totaling the principal and interest due on the outstanding bonds. Payments are made from the Capital Improvements Fund from sales tax revenue. The term bonds portion of the original issue was refinanced in December 1998. The bonds are scheduled to be paid off in 2010. The remaining principal and interest due on the bonds at December 31, 1998, was \$7,100,000 and \$2,376,521, respectively.